

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04  
OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00  
PM-04 H-02 L-03 NSC-05 PA-02 PRS-01 SS-15 CEA-01  
STR-04 /119 W

-----172038 082952 /42

R 172004Z FEB 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 0777  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
USDEL MTN GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: EAGR EEC  
SUBJECT: HOUSE OF COMMONS ACCLAIMS UK STAND AT EC  
AGRICULTURE MINISTERS' MEETING, FEBRUARY 14-15

BEGIN SUMMARY: UK AGRICULTURE MINISTER JOHN SILKIN  
REPORTED TO HOUSE OF COMMONS HMG'S OPPOSITION TO  
PROPOSED EC FARM PRICE INCREASE AND GREEN POUND DEVALUA-  
TION. COMMONS' REACTION WAS A RARE UNANIMITY OF PRAISE  
FOR UK STANCE. END SUMMARY

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1. UK MINISTER OF AGRICULTURE JOHN SILKIN REPORTED TO  
HOUSE OF COMMONS ON FEBRUARY 16 ON HMG'S OPPOSITION TO  
EC PROPOSALS TO RAISE PRICES BY 3 PERCENT AND TO  
DEVALUE GREEN POUND IN ORDER TO BRING ABOUT 8 POINT CUT  
IN MCA'S. SILKIN EXPLAINED HOW HIS DEPUTY, GAVIN STRANG,  
HAD SAID ANY SETTLEMENT MUST KEEP FOOD PRICES UNDER  
RESTRAINT AND HELP TO REDUCE CAP COMMODITY SURPLUSES.

HE SAID "WE FOUND IT HARD TO JUSTIFY ANY PRICE INCREASE FOR PRODUCTS IN STRUCTURAL SURPLUS, IN PARTICULAR MILK." SILKIN TOLD THE HOUSE STRANG HAD MADE IT CLEAR THAT THE OVERALL NATIONAL INTEREST WOULD DECIDE THE GREEN POUND QUESTION.

2. IN A RARE ATMOSPHERE OF UNANIMOUS APPROBATION ON HMG BRUSSELS STANCE, MP'S FROM BOTH MAJOR PARTIES PRAISED THE STATEMENT. EVEN JOHN PEYTON, SHADOW AGRICULTURE MINISTER, WELCOMED SILKIN'S REMARKS. LEADING LABOUR ANTI-MARKETEER DOUGLAS JAY URGED CONTINUED RESISTANCE TO GREEN POUND DEVALUATION UNTIL A REFORMED CAP LOWERED PRICES. OTHER LABOUR MP'S THANKED SILKIN FOR LOOKING AFTER UK NATIONAL INTEREST.

3. REPLYING, SILKIN SAID "THERE IS NOTHING MYSTICAL ABOUT THE GREEN POUND.....BUT SINCE IT EXISTS IT HAS TO BE USED IN THE NATIONAL INTEREST. .... I BELIEVE WE HAVE A STRONG POSITION AS FAR AS THE GREEN POUND IS CONCERNED. THIS IS A NEGOTIABLE INSTRUMENT. I WANT TO SEE WHAT I AM OFFERED FOR IT."

4. COMMENT: ALMOST ALL MP'S AND OTHER INFLUENTIAL PEOPLE IN UK APPEAR NOW TO HAVE COME ROUND TO SILKIN'S VIEW THAT GREEN POUND MISALIGNMENT IS A NEVER-TO-BE-REPEATED OPPORTUNITY FOR BRINGING ABOUT RE-APPRAISAL OF CAP. UK NFU IS BECOMING INCREASINGLY ISOLATED IN ITS CONTINUED CAMPAIGN FOR GREEN POUND DEVALUATION AND HIGHER CAP PRICES. INFLATIONARY DANGERS AND CONSEQUENT THREATS UNCLASSIFIED

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TO FORTHCOMING ROUND OF WAGE RESTRAINT NEGOTIATIONS POSED BY EVEN MODEST DEVALUATION AND CAP PRICE INCREASES ARE SEEN ALMOST UNIVERSALLY HERE AS THE MAJOR CONCERN.

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5. TIMES EDITORIAL OF FEBRUARY 17 GIVES GOOD SUMMARY OF  
PRESENT BRITISH ATTITUDE SHARED ACROSS BROAD SPECTRUM OF  
POLITICS. "THE DESIRE OF BRITAIN'S PARTNERS IN THE EEC  
TO SEE A DEVALUATION OF THE GREEN POUND IS -UNDERSTANDABLE,  
BUT IT OUGHT TO BE RESISTED FOR THE MOMENT.....THE  
PRACTICAL ARGUMENTS FOR CONTINUING TO RESIST A DEVALUA-  
TION OUTWEIGH THE INTELLECTUAL INCONSISTENCIES.....  
THE UK IS IN THE MIDST OF A BATTLE AGAINST INFLATION  
WHICH IS OF VITAL CONCERN TO EVERY COMMUNITY COUNTRY....  
.....EVER SINCE THE CAP WAS FORMULATED, ITS DEFECTS  
HAVE BEEN APPARENT TO ALL INFORMED COMMENTATORS. IT  
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ENCOURAGES THE BUILD-UP OF SURPLUS PRODUCTION, IT HAS  
FAILED TO GIVE SUFFICIENT IMPETUS TO THE MUCH-NEEDED  
REFORM OF THE STRUCTURE OF FARMING IN EUROPE AND IT HAS  
NOT ACHIEVED ITS SOCIAL GOAL OF GUARANTEEING A HIGH  
STANDARD OF LIVING TO SMALL FARMERS.....THERE  
HAS NOT BEEN THE KIND OF CONCRETE ACTION NEEDED TO BRING  
ABOUT CHANGES.....THE EXISTENCE OF THE ABSURDITIES  
OF THE PRESENT SYSTEM OF CURRENCY ARRANGEMENTS DOES  
PROVIDE THOSE IN FAVOUR OF REFORM WITH BOTH A  
BARGAINING COUNTER AND AN INTELLECTUAL FRAMEWORK FOR  
ARGUING THEIR CASE.....THE 500 MILLION POUND OR SO  
WHICH WE RECEIVE EACH YEAR OUGHT TO BE A WARNING TO SOME  
OF OUR PARTNERS THAT THE POLICY IS NOW SO MUCH OF A

LOTTERY THAT IT IS INCREASINGLY DIFFICULT TO BE SURE WHO  
WILL END UP NET BENEFICIARIES. IF WE ARE TO GIVE UP THIS  
COMPENSATION WE OUGHT TO GET SOMETHING IN RETURN."

6. THE TIMES LEADER FINISHES "THE CREATION OF THE CAP  
WAS A MILESTONE IN THE BUILDING OF THE EEC; ITS REFORM  
WILL BE ANOTHER. THAT REFORM WILL BE BROUGHT CLOSER BY  
THE BRITISH GOVERNMENT STANDING FIRM ON THE PARITY OF THE  
GREEN POUND.

ARMSTRONG

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## Message Attributes

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Margaret P. Grafeld  
Declassified/Released  
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22 May 2009  
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